

Message Text

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15

ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 EB-07 FRB-03 INR-07

NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02 CIEP-01

LAB-04 SIL-01 OMB-01 FTC-01 /054 W

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R 170845Z JUN 75

FM AMEMBASSY KABUL

TO USDOC WASHDC

INFO SECSTATE WASHDC 3030

C O N F I D E N T I A L KABUL 3848

FOR MEPD: HAIMES OR BURKE

EO 11652: GDS

TAGS: BMEP, AF

SUBJ: MAJOR EXPORT PROJECT: CONSTRUCTION JOINT VENTURE (IDC)

REF: KABUL 3449

SUMMARY. IDC JOINT VENTURE OPPORTUNITY HAS APPARENTLY BEEN TAKEN OUT OF HANDS OF ENGINEER TOUFIQI, PLACED UNDER MINISTER OF COMMERCE, JALLALAR, AND SCALED DOWN TO JOINT VENTURE CONSTRUCTION FIRM WITH POSSIBLY SOME ENGINEERING. ACTION REQUESTED: INFORM IECO AND OTHER CONSTRUCTION FIRMS, INCLUDING FISHBACH MOORE INTERNATIONAL), AS APPROPRIATE. END SUMMARY.

1. SINCE DEPARTURE OF G.S. SARKARIA, VICE-PRESIDENT, IECO, ENGINEER TOUFIQI HAS APPARENTLY BEEN CHASTISED. WHILE CONTINUING TO SIGN LETTERS, AND OCCASIONALLY REACHABLE BY PHONE, HE HAS NOT TO POST'S KNOWLEDGE SEEN ANY FOREIGN BUSINESSMAN IN LAST TWO TO THREE WEEKS. NO OFFICIAL CONFIRMATION IS AVAILABLE AS TO DEMOTION, REMOVAL FROM OFFICE, OR OTHER PUNISHMENT, BUT HIS UNAVAILABILITY IS NOT NORMAL OR APPROPRIATE FOR HIS OFFICE. PRESIDENT OF PLANNING, MR. ZAMAN, IN TOUFIQI'S
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MINISTRY, IS OCCASIONALLY SEEING VISITORS, BUT IS UNINFORMED,

UNWILLING TO PROVIDE INFORMATION, AND UNABLE TO MAKE DECISIONS. BID OPENING FOR KANDAHAR TEXTILE ON JUNE 21 SHOULD SHED LIGHT ON TUOFIQI'S POSITION.

2. RUMORS ABOUT REGARDING

TOUFIQI'S PUNISHMENT. COUNCIL OF MINISTERS SAID TO BE UNHAPPY ABOUT CRITICISM ARISING FROM HANDLING OF KANDAHAR TEXTILE NEGOTIATIONS. MORE IMPORTANT, HOWEVER, IS IDC. TOUFIQI APPARENTLY WAS FAR AHEAD OF HIS CABINET SUPERIORS IN HIS THINKING REGARDING IDC. HE APPARENTLY HAD AUTHORITY ONLY TO NEGOTIATE A JOINT VENTURE CONSTRUCTION COMPANY WITH SOME ENGINEERING CAPABILITY. (THIS TOUFIQI DESCRIBED AS "FIRST STEP.") TOUFIQI'S PLANNING TO USE IDC AS OVERALL CONSULTING/PLANNING/CONTRACTING FIRM SEMI-INDEPENDENT OF GOA WAS REPORTEDLY NOT APPRECIATED BY THE CABINET.

3. ON JUNE 15, ADCM RAU, AND ECONOFF MC GAFFEY MET WITH MINISTER OF COMMERCE JALLALAR. JALLALAR STATED THAT AT PRESENT, HE IS THE APPROPRIATE GOA OFFICIAL TO APPROACH ABOUT THIS JOINT VENTURE OPPORTUNITY. HE DEFINED THE OPPORTUNITY AS A JOINT VENTURE CONSTRUCTION FIRM WITH THE GOA WHICH WOULD PERFORM CONSTRUCTION SERVICES FOR GOA PROJECTS AND POSSIBLY PRIVATE PROJECTS. HIS PRIVATE SECRETARY ADDED THAT THE CONSTRUCTION COMPONENTS OF IDENTIFIED INDUSTRIAL PROJECTS IS VALUED AT APPROXIMATELY \$100 MILLION, AND THAT THE COMPANY WOULD ALSO BE EXPECTED TO WORK ON SUCH CONSTRUCTION AS HOUSING, OFFICE BUILDINGS, AND DAMS. ROADS AND RAILROADS WERE NEITHER MENTIONED NOR EXCLUDED. FYI: SOME OF THE \$100 MILLION CONSTRUCTION WORK HAS BEEN OR IS BEING AWARDED TO SEPARATE CONTRACTORS UNDER TURN-KEY PROJECTS SUCH AS KANDAHAR TEXTILE. END FYI.

4. EMBOFF HAS WRITTEN TO G.S. SARKARIA, IECO, AND INFORMED THE LOCAL REPS OF IECO AND FISHBACH MOORE INTERNATIONAL (FOI) ABOUT THIS SWITCH. NOTE THAT FOI'S PRELIMINARY NEGOTIATIONS WITH TOUFIQI NEVER WENT BEYOND THE CONCEPT NOTED BY JALLALAR. ONLY TO IECO DID TOUFIQI EXPRESS HIS BROADER CONCEPT. IT IS NOW KNOWN HOW MUCH OF TOUFIQI'S NEGOTIATION CONFIDENTIAL

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FILES WITH IECO AND FOI ARE AVAILABLE TO JALLALAR, AND EMBASSY HAS SUGGESTED TO BOTH COMPANIES THAT THEY RESUBMIT PROPOSALS TO JALLALAR. REQUEST MEPD NOTIFY SARKARIA OF FACTS AND NOTE THAT LETTER IS COMING. ALSO REQUEST MEPD NOTIFY MR. FISHBACH OF FOI OF THESE CHANGES. AS APPROPRIATE, MEPD MAY WISH TO GIVE THIS OPPORTUNITY WIDER DISSEMINATION, AS IT IS IMPOSSIBLE TO DETERMINE IF INITIAL ADVANTAGE OF IECO AND OF FOI BASED ON THEIR EXPERIENCE IN AFGHANISTAN MAY

NOT BE DIMINISHED BECAUSE OF CABINET UNHAPPINESS WITH
TOUFIQI.
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